

Message Text

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ACTION EB-08

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FM AMEMBASSY LISBON

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E.O. 11652: N/A

TAGS: EAIR, PO

SUBJ: CIVAIR: TWA ACCESS TO LAJES

SUMMARY. TWA AND TAP REPRESENTATIVES MET JANUARY 30 IN UNSUCCESSFUL CARRIER-TO-CARRIER DISCUSSIONS. TAP REPS REPORTEDLY STATED THAT THEY DO NOT WANT TWA TO GAIN ACCESS TO LAJES AND, THEREFORE, WOULD CONCUR ONLY IF GOP ORDERS THEM TO DO SO. TWA REPS FEEL POSSIBILITY OF INTER-CARRIER AGREEMENT ON TWA ACCESS TO LAJES IS VIRTUALLY NIL. THEY WILL LIKELY RECOMMEND THAT TWA NEW YORK PRESS FOR ACCESS WITHIN CONTEXT OF BILATERAL AGREEMENT. EMBASSY PLANS TO PURSUE THIS ISSUE WITH TAP PRESIDENT MONTEIRO DE SILVA UPON HIS RETURN FROM THE U.S. END SUMMARY.

1. TWA LOCAL MANAGER KRUEGER AND NEW YORK TWA OFFICIAL FISHMAN HAVE TOLD EMBASSY THAT THEIR JANUARY 30 CARRIER-TO-CARRIER DISCUSSION WITH TAP WAS COMPLETE FAILURE. IN EFFECT, THEY CLAIMED, TAP OPPOSES TWA ACCESS TO LAJES AND WILL COOPERATE ONLY IF GOP ORDERS IT TO DO SO. CARRIERS REACHED IMPASSE ON ALL ISSUES.

2. BLOCKED SEAT ARRANGEMENT: CARRIERS FOUND RESPECTIVE
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OFFERS MUTUALLY UNACCEPTABLE. TWA OFFERED TO LEASE TAP FIXED NUMBER OF SEATS LISBON TO/FROM LAJES ON FULLY ALLOCATED COST BASIS. OFFER IMPLIES, ACCORDING TO TWA, ONE-WAY COST OF ABOUT 50 DOLLARS PER SEAT. TAP REPS INDICATED UNWILLINGNESS TO DISCUSS ARRANGEMENT ON THAT BASIS. THEY SOUGHT, AS QUID FOR AGREEING TO TWA OPERATIONS AT LAJES, THE RIGHT TO USE ALL UNOCCUPIED TWA SEATS ON LISBON-LAJES-

LISBON FLIGHTS AT A PRICE EQUAL TO THE MARGINAL COST OF CARRYING THESE ADDITIONAL PASSENGERS. SUGGESTED PRICE WAS THREE TO FOUR DOLLARS, LEAVING ALL PROFITS FOR TAP. TWA REPLIED THAT CAB WOULD NOT AUTHORIZE SUBLEASE CONTRACT UNLESS IT STIPULATED FIXED NUMBER OF SEATS AND PROVIDES U.S. CARRIER EQUITABLE RETURN. (TWA HAS ASKED ITS NEW YORK OFFICE TO RECONFIRM ACCURACY OF THIS STATEMENT WITH CAB.)

3. FIFTH FREEDOM RIGHTS: TWA NOTED THAT, CONTRARY TO ASSERTION BY GEN. FIGUEIREDO (LISBON 342), GOP HAD NOT AUTHORIZED IT FIFTH FREEDOM RIGHTS OUT OF LAJES. TAP OFFICIALS CONFIRMED THAT THEY ALSO UNDERSTOOD THAT FIFTH FREEDOM RIGHTS WERE NOT AUTHORIZED. MOREOVER, THEY OPPOSED GRANTING SUCH AUTHORIZATION.

4. CARGO RIGHTS: GIVEN IMPASSE ON PRECEDING ISSUES, CARGO QUESTION WAS BARELY DISCUSSED.

5. IN SUBSEQUENT TELEPHONE CONVERSATION WITH ECON COUNSELOR, KRUEGER STATED THAT HE AND FISHMAN ARE VIRTUALLY CONVINCED THAT TWA CAN GAIN ENTRANCE TO TERCEIRA ONLY WITHIN THE FRAMEWORK OF THE BILATERAL AGREEMENT. THEY FEEL THAT TWA OPERATIONS AT TERCEIRA COULD BE FINANCIALLY VIABLE, ESPECIALLY IF COMPANY SECURES FIFTH FREEDOM RIGHTS.

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6. COMMENT: EMBASSY WILL AWAIT DEPARTMENT'S GUIDANCE BEFORE PRESSING GOP FURTHER ON THIS SUBJECT. WE INTEND, HOWEVER, TO EXPLORE THIS ISSUE IN LOW-KEY MANNER WITH TAP PRESIDENT MONTEIRO DE VILVA UPON HIS RETURN FROM CURRENT VISIT TO U.S.
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